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ADOPTION OF THE REPORT OF THE COMMISSION ON ITS SEVENTEENTH SESSION

Draft report

Addendum

Rapporteur: Andrew G. BANGALI (Sierra Leone)

Chapter ___

ACTIVITIES OF THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS

1. The Commission considered agenda item 12 at its 12th meeting, on 17 April 1991. It had before it the following documents:

(a) Report of the Secretary-General on the activities of the United Nations Centre on Transnational Corporations and the activities of the joint units established with the regional commissions (E/C.10/1991/15); and

(b) Note by the Secretariat on the proposed work programme for the biennium 1992-1993 of the United Nations Centre on Transnational Corporations, including the joint units established with the regional commissions (E/C.10/1991/CRP.1).

2. In introducing the item, the Executive Director of the Centre reviewed the United Nations programme on transnational corporations, particularly in the light of the proposed programme budget for the biennium 1992-1993, and invited the Commission to comment on the Centre's proposed work programme.

3. He said that the activities of the Centre during the reporting period were aimed at the implementation of a large body of resolutions and decisions of intergovernmental bodies. He noted that the execution of the work programme required a certain degree of improvisation, given that the Centre's rapidly expanding mandate was not consistent with the "zero real growth" of the regular budget resources.

4. The Executive Director expressed appreciation for the financial support of the Governments which had donated extrabudgetary funds, particularly the Governments of China, Denmark, Finland, France, Japan, Malaysia, the Netherlands, Norway, Sweden, Switzerland and Zaire. The Centre also expressed its gratitude to the Governments of Denmark, France, Japan, Germany, Italy, the Republic of Korea and the Netherlands for their sponsorship of associate experts or scholars in residence in the Centre and its joint units with the regional commissions.

5. The Executive Director also informed the Commission of the way the Centre was organizing the research and technical cooperation activities. In that regard, he mentioned specifically the three main functions of the Centre, namely normative support, its analytical function and advisory and training functions.

6. He explained that in its normative support function, the Centre was assisting in the development and adoption of international arrangements and international standards to supplement national laws as they related to foreign direct investment and the activities of transnational corporations. He specifically noted that international standards of accounting and reporting and standards of environmental protection and industrial safety were two fields in which the assistance of the Centre had most often been sought in recent times. The Executive Director suggested that the Centre's analytical function evolved in a number of subject areas that required in-depth analysis and further international action. In that regard, he specifically mentioned the policies of the new open-door countries and countries in transition, and the issues of privatization, international environmental management, environmental accounting, the transfer of environmentally sound technologies, the phenomena of small- and medium-sized transnational corporations and the European single market and its implications for foreign investment. He also illustrated the increasing policy orientation of the research programme where many of the Centre's technical papers offered valuable background material for decision-makers in Governments and in the public and private sectors. Finally, he mentioned the increasing linkages between research projects and the Centre's programme of technical cooperation and the integrated nature of many individual studies. Such a comprehensive approach allowed the proposal of suggestions and recommendations of particular use to Governments in the development or revision of their national policies with regard to foreign direct investment. He informed the Commission that the Centre had commenced work on the Fifth Survey on the role of transnational corporations in the world economy, which could provide the international community with an important outlook on the world economy, in which transnational corporations were the key actors.

7. The Executive Director also underlined the importance of the Centre's advisory and training functions. The Centre maintained the reputation of a major international provider of expert services and source of specialized knowledge in the area of foreign investment. He gave examples of ongoing innovative projects geared towards facilitating mutually beneficial linkages between transnational corporations and countries hosting foreign investment.

8. The Executive Director suggested that the Commission could increasingly have the capacity to make important assessments that could shape international action in the area of foreign direct investment and could serve as a forum where an international investment strategy aimed at the stimulation of the flow of investment capital, technology and skills to host developing countries could be developed. In order to strengthen that capacity of the Commission, the Centre had organized, and would be prepared to do so in the future, a series of pre-session and in-session expert seminars in which leading international experts could introduce the technical intricacies of various subjects on the international investment agenda.

9. The Executive Director also expressed his appreciation for the contributions made by the expert advisers. Their experience and expertise significantly advanced the level of the Commission's deliberations and allowed it to come up with sound policy-oriented recommendations.

10. In conclusion, the Executive Director paid tribute to Sidney Dell, Executive Director of the Centre from 1982 to 1984, and one of the United Nations most outstanding economists, who passed away early in 1991. Mr. Dell had exerted a unique influence in shaping international ideas and mechanisms governing trade, aid, investment and monetary relations between developed and developing countries.

11. Most delegations commended the work of the Centre and the exemplary quality of its research and technical cooperation activities, which was attributed to the high professionalism, extensive experience and skills of the Centre's staff, experts and consultants. In the opinion of those delegations, the report of accomplishments of the Centre since the last session of the Commission was impressive, particularly in the light of existing resource constraints under the regular budget and extrabudgetary funds. Satisfaction was expressed about the measures the Executive Director had undertaken to enhance the programme's management. Particular mention in that regard was made of the setting up of the Programme Review Group, which considered new requests for technical assistance and advisory services and reviewed the implementation of ongoing projects.

12. Many delegations stressed their support of the Centre's technical cooperation programme, which was aimed at strengthening the negotiating capacity of host developing countries in their dealings with transnational corporations. The delegations said that they attached increasing importance to that activity which should be further reinforced. In that regard, those delegations supported the proposed scope and contents of advisory and training projects proposed for the period 1992-1993.

13. One delegation was of the view that the Centre's work in the area of technical cooperation should be more closely coordinated with national investment centres established in many developing countries. That delegation felt that such coordination was needed for strengthening the working linkages between institutions and organizations of the United Nations system and those outside it. It was also suggested that there should be closer cooperation with the United Nations Industrial Development Organization (UNIDO) in the field of development and promotion of small- and medium-sized enterprises and in the area of organization of investment promotion tours.

14. Several delegations noted that dramatic changes had taken place in the countries of Central and Eastern Europe where radical economic and social reforms were being undertaken. The process of transition from centrally planned to market-oriented economies bore both major risks and opportunities. The success of the reforms would depend on the ability of countries of the region to integrate effectively into the world economy and to join the global network of trade, investment and financial arrangements. Those delegations emphasized that the Centre might play an important role in assisting the countries of Central and Eastern Europe in that endeavour, particularly through providing information upon request on transnational corporations, issuing publications on national legal frameworks relating to foreign direct investment which had been established in Eastern and Central Europe, organizing training workshops and seminars on the development of entrepreneurial and management skills and arranging for study tours. One delegation pointed out that the Centre's technical cooperation with Central and Eastern Europe was of universal significance since its results could be used by a large group of countries which pursued more open-to-the-world-economy policies, particularly developing countries. Appreciation was expressed to the Centre for being one of the first United Nations departments to respond in a practical and efficient manner to the decisions of the eighteenth special session of the General Assembly.

15. One delegation, expressing the views of many others, indicated that major developments and political changes occurring in certain parts of the world would carry opportunities for many developed countries. However, there were apprehensions among least developed countries with regard to the impacts of these developments on the social and economic conditions of developing countries.

16. The same delegation expressed satisfaction with the Centre's continued priority attention to the execution of training and advisory activities in many developing countries. The efficiency of such activities was illustrated by several delegations through references to specific country projects which the Centre had been undertaking in various fields and sectors of the economy. The delegation concluded by saying that the Centre was a unique multilateral institution to which its country turned in difficult times.

17. One delegation recalled General Assembly resolution 45/188 on entrepreneurship. It felt that there was a close relationship between entrepreneurship and foreign direct investment which implied that the Centre could play an active role in the implementation of this resolution.

18. Delegations, expressing their views on the comprehensive information system, indicated the usefulness of the information activities of the Centre and urged it to maintain the attained level of that activity.

19. During the discussion of the comprehensive information system, several delegations made suggestions with regard to future research projects. Among the subjects of particular interest to Governments, the following were mentioned: the interrelationship between foreign direct investment, trade and finance; transfer of technology; transnational corporations and human resource development; assessment of the effects of transnational corporations on specific economic sectors of host countries; and new trends and developments in the process of transnationalization.

20. Delegations welcomed the more active participation of the expert advisers in the work of the Commission and the Centre, particularly through in-session seminars. The opinion was expressed that the contribution of the outstanding international personalities, who were expert advisers, should be further maximized.

21. In his concluding remarks, the Executive Director expressed gratitude for the high assessment of the work of the Centre. Given that the Centre had succeeded within relatively modest resources available in making a tangible impact in the countries which received its technical assistance, he called on Governments to consider further support to the Centre's trust funds. In responding to the specific observations of delegations, the Executive Director gave examples of the Centre's cooperation with national investment centres. He also stated that the Centre would continue to exercise its role as the United Nations focal point on all matters related to foreign direct investment and transnational corporations, a function which required extensive coordination and cooperation with numerous agencies and organizations within and outside the United Nations system.

Action taken by the Commission

22. The Commission:

(a) Took note of the report of the Secretary-General on the activities of the United Nations Centre on Transnational Corporations and the activities of the joint units established with the regional commissions (E/C.10/1991/15) and the note by the Secretariat on the proposed work programme for the biennium 1992-1993 of the United Nations Centre on Transnational Corporations, including the joint units established with the regional commissions (E/C.10/1991/CRP.1);

(b) Took note of the note by the Secretariat on the question of expert advisers (E/C.10/1991/16). The Commission welcomed the more active participation of expert advisers in its work and requested the Executive Director of the Centre to explore ways of maximizing their contribution to the programme on transnational corporations, including, when necessary, by co-opting ad hoc expert advisers;

(c) Requested the Secretary-General to take into account, in the future work of the Centre, the views expressed by delegations at its seventeenth session, and to submit a report to the Commission at its eighteenth session on the activities of the Centre, including the activities of the joint units established with the regional commissions.